

ITEM #:	<u>45</u>
DATE:	<u>03-24-26</u>
DEPT:	<u>PW</u>

COUNCIL ACTION FORM

**SUBJECT: RESOURCE RECOVERY AND RECYCLING CAMPUS CONSTRUCTION
CONTRACT AWARDS**

BACKGROUND:

On March 10, 2026, the City Council accepted the report of bids and delayed the award of bids for construction of the Resource Recovery & Recycling Campus (R3C). The City is utilizing a construction manager as advisor (CM) approach for this project. Therefore, the plans and specifications were prepared by HDR Engineering, Inc., and through consultation with the CM, Story Construction, the work was divided into 11 separate bid packages. Therefore, the City will hold 11 separate contracts with 11 separate contractors.

Bids were opened on March 3, 2026 from 28 separate contractors for a base bid package and three alternates, which are described briefly below:

- The **Base Bid** includes the majority of the work necessary to construct the R3C, including the main building containing a tipping floor, process equipment, office, and maintenance areas, a scalehouse and scale equipment, fueling, parking, and maneuvering areas, and all other supporting site components.
- **Alternate Number 1** is the added work to construct a canopy over the customer convenience area, where roll-off boxes will be located for drop-off of separated recyclables, household hazardous waste, and other materials.
- **Alternate Number 2** is the added work to purchase and install a baler that can be used to consolidate cardboard or paper into dense bales to reduce transportation costs.
- **Alternate Number 3** is the removal of the infeed conveyor for the shredder. Without the infeed conveyor, the shredder hopper will be modified to allow materials to be loaded directly using a wheel-loader. The removal of the infeed conveyor is being contemplated due to higher than anticipated cost estimates for this equipment.

BID RESULTS:

The table below shows the lowest bidder for each of the individual bid packages. The City Council should note that the City has received an offer from an attorney representing Jordison Construction to withdraw its bid for bid package 32-1 – Paving & Sidewalk Work. Therefore, the next lowest bidder is reflected in that line.

BID ITEM	CONTRACTOR	TOTAL - BASE BID ONLY
01-1 – General Construction Work	RH Grabau Construction, Inc., Boone, IA	\$1,601,000
03-1 – Concrete and Steel Work	Jensen Builders, Ltd., Des Moines, IA	\$4,675,500
09-1 – Gypsum Board Assembly Work	Heartland Finishes, Inc., Des Moines, IA	\$430,675
14-1 – Elevator/Lift Work	TK Elevator Corporation, Urbandale, IA	\$109,800
21-1 – Fire Suppression Systems Work	Tri-City Fire Protection LLC, Davenport, IA	\$169,284
22-1 – Plumbing & HVAC Work	ACI Mechanical, Inc., Ames, IA	\$1,180,000
26-1 – Electrical, Communications, & Electronic Safety and Security Work	Enterprise Electric, Inc., Boone, IA	\$1,329,000
31-1 – Site Demolition & Earthwork	Con-Struct, Inc., Ames, IA	\$575,000
32-1 – Paving & Sidewalk Work	Lakeside Contractors, LLC, Ames, IA	\$1,028,129
33-1 – Site Utility Work	On Track Construction LLC, Nevada, IA	\$723,370
40-1 – Millwright/Process Integration Work	RRT Design & Construction, Melville, NY	\$7,798,009
GRAND TOTAL		\$19,619,767

The combined base bid total of \$19,619,767 exceeds the engineer's estimate of \$16,821,527 by \$2,798,240.

Immediately following the bid opening, City staff, HDR, and Story Construction met and developed scope modification options to reduce the cost of the project. Additionally, certain R3C project components were identified that could be financed through a more appropriate source or in a more cost-effective manner. The specific scope modifications considered are described in Attachment 1 (staff's recommended items to include are shown in bold).

The project components that were identified to shift to alternative funding sources includes:

1. Access control for gates shifting to Fleet Services
2. Fueling infrastructure shifting to Fleet Services
3. Stormwater improvements partially financed through FY 2025/26 Stormwater Quality Improvements CIP
4. An Electric Services rebate for the heat pump system
5. A series of grants for recycling-related project components through the DNR Solid Waste Alternatives Program (SWAP)

The project team has consulted with the apparent low bidders for several key bid packages and has obtained written confirmation of deductive amounts for several of the packages based on the bolded design alterations described in Attachment 1, along

with other clarifications identified since the bids were opened. These changes would result in contract amounts as described in the following table:

BID ITEM	CONTRACTOR	ORIGINAL BID TOTAL	CHANGE ORDERS	REVISED CONTRACT TOTALS
01-1 – General Construction Work	RH Grabau Construction, Inc., Boone, IA	\$1,601,000	(\$126,538)	\$1,474,462
03-1 – Concrete and Steel Work	Jensen Builders, Ltd., Des Moines, IA	\$4,675,500	(\$257,865)	\$4,417,635
09-1 – Gypsum Board Assembly Work	Heartland Finishes, Inc., Des Moines, IA	\$430,675	(\$30,000)	\$400,675
14-1 – Elevator/Lift Work	TK Elevator Corporation, Urbandale, IA	\$109,800	--	\$109,800
21-1 – Fire Suppression Systems Work	Tri-City Fire Protection LLC, Davenport, IA	\$169,284	--	\$169,284
22-1 – Plumbing & HVAC Work	ACI Mechanical, Inc., Ames, IA	\$1,180,000	--	\$1,180,000
26-1 – Electrical, Communications, & Electronic Safety and Security Work	Enterprise Electric, Inc., Boone, IA	\$1,329,000	(\$50,970)	\$1,278,030
31-1 – Site Demolition & Earthwork	Con-Struct, Inc., Ames, IA	\$575,000	\$87,717	\$662,717
32-1 – Paving & Sidewalk Work	Lakeside Contractors, LLC, Ames, IA	\$1,028,129	(\$16,410)	\$1,011,719
33-1 – Site Utility Work	On Track Construction LLC, Nevada, IA	\$723,370	(\$31,695)	\$723,370
40-1 – Millwright/Process Integration Work	RRT Design & Construction, Melville, NY	\$7,798,009	(\$1,134,320)	\$6,663,689
ORIGINAL BID TOTAL		\$19,619,767		
Sum of Deductions			(\$1,560,081)	
CONTRACT TOTAL WITH DEDUCTIONS				\$18,059,686

Approximately \$100,000 in additional deducts through clarification, alternate acceptable equipment, and eliminated project components remains pending. Staff was unable to finalize the details of these deductions prior to the preparation of this report for the City Council.

The changes outlined above reflect the awarding of the base bids only. Staff does not recommend proceeding with inclusion of any of the alternates. The budget table below includes the revised construction contract amounts. The budget table also reflects revised

estimates for project expenses, including reductions in costs for inspections and permitting. Additionally, it reflects a substantial reduction in the construction contingency in order to pay for the higher construction costs.

On the revenues side, staff has incorporated additional revenues into the budget to reflect the funding source for the fueling infrastructure. The fueling infrastructure expenses are reflected in the construction costs, but have not been previously shown to be paid for by Fleet Services. Since the fueling infrastructure will benefit the entire diesel-powered City vehicle fleet, Fleet Services will utilize a portion of its reserve funds to finance these costs. Additionally, a portion of the costs related to the automated gates will be assigned to Fleet Services, since the gates are necessary to maintain 24/7 access to the fueling infrastructure.

Staff is also recommending the inclusion of \$159,077 of the FY 2025/26 Stormwater Quality Improvements Capital Improvements Project (CIP) into the R3C project revenues. These funds are budgeted for projects that improve the quality of urban runoff. The R3C development will treat a significant volume of water prior to its discharge into the South Skunk River. Funds from Electric Services for heat pump rebates and the DNR SWAP grant are also shown.

The Council should note that if the bids are awarded at the March 24, 2026 meeting as requested, City staff will be following up with a request to hold a special City Council meeting shortly thereafter to formally approve the contract and bond for some or all of the bid packages. This step is necessary before work can officially begin, and several of the contracts are part of the critical path to opening the facility on schedule. Electing not to hold a special meeting would mean these contracts would not be completed until mid-April, which is three weeks later.

Documents from Story Construction outlining the recommended changes are attached for the Council's reference. The change orders necessary for bid package 09-1 Gypsum Board Assembly Work, bid package 32-1 Paving and Sidewalk Work, and bid package 33-1 Site Utility Work are below the amount that requires Council approval. Therefore, City staff will approve these change orders. A revised budget is provided on the next page for reference.

Budgeted Revenues		Budgeted Expenses	
Revenue Abated G.O. Bonds	\$22,006,730	Land Acquisition (220, 306, 312, 318, 400 Freel Drive)	\$1,077,500
Fleet Services Reserve Fund	425,000	Due Diligence prior to closing	15,465
FY 2025/26 Stormwater Quality Improvements CIP	159,077	Conceptual Design and Financial Modeling	50,000
Electric Services Rebate	3,000	Final Design	965,715
Solid Waste Alternatives Program (SWAP) Grants	100,000	Final Design Contingency (reduced)	75,000
		Permitting (reduced)	38,000
		Construction Contracts (This Action)	\$19,619,767
		Less design alteration/scope deducts	(1,560,081)
		Construction Incentives	100,000
		Items by Owner (FFE/Cameras/Fiber Network/Tree Clearing)	252,700
		Construction Contingency (reduced)	428,598
		Construction Inspection (reduced)	228,760
		Construction Manager Fee (Fixed fees plus 2.25% of contract amounts)	954,383
		Construction Manager General Conditions Costs (est.)	<u>448,000</u>
R3C Construction Revenue Subtotal	\$22,693,807	R3C Construction Subtotal	\$22,693,807
Electric Utility Fund	\$2,340,000	Mobile Equipment (transfer trucks and trailers)	\$2,340,000
G.O. Bonds	\$975,000		
Unobligated G.O. Bonds	225,000		
Water Utility Fund	40,000	Freel Drive Paving (est.)	\$1,240,000
Total Project Revenues	\$26,273,807	Total Project Expenses	\$26,273,807

ALTERNATIVES:

1. The City Council can approve the following:

- a. Resolution approving final plans and specifications and awarding a contract for bid package 01-1 – General Construction Work to RH Grabau Construction, Inc. of Boone, IA in the amount of \$1,601,000
- b. Resolution approving final plans and specifications and awarding a contract for bid package 03-1 – Concrete and Steel Work to Jensen Builders, Ltd. of Des Moines, IA in the amount of \$4,675,500
- c. Resolution approving final plans and specifications and awarding a contract for bid package 09-1 – Gypsum Board Assembly Work to Heartland Finishes, Inc. of Des Moines, IA in the amount of \$430,675
- d. Resolution approving final plans and specifications and awarding a contract for bid package 14-1 – Elevator/Lift Work to TK Elevator Corporation of Urbandale, IA in the amount of \$109,800
- e. Resolution approving final plans and specifications and awarding a contract for bid package 21-1 – Fire Suppression Systems Work to Tri-City Fire Protection, LLC of Davenport, IA in the amount of \$169,284
- f. Resolution approving final plans and specifications and awarding a contract for bid package 22-1 – Plumbing & HVAC Work to ACI Mechanical, Inc. of Ames, IA in the amount of \$1,180,000
- g. Resolution approving final plans and specifications and awarding a contract for bid package 26-1 – Electrical, Communications, & Electronic Safety and Security Work to Enterprise Electric, Inc. of Boone, IA in the amount of \$1,329,000
- h. Resolution approving final plans and specifications and awarding a contract for bid package 31-1 – Site Demolition & Earthwork to Con-Struct, Inc. of Ames, IA in the amount of \$575,000
- i. Resolution approving final plans and specifications and awarding a contract for bid package 32-1 – Paving & Sidewalk Work to Lakeside Contractors, LLC, of Ames, Iowa, in the amount of \$1,028,129
- j. Resolution approving final plans and specifications and awarding a contract for bid package 33-1 – Site Utility Work to On Track Construction LLC, of Nevada, IA in the amount of \$723,370
- k. Resolution approving final plans and specifications and awarding a contract for bid package 40-1 – Millwright/Process Integration Work to RRT Design & Construction of Melville, NY in the amount of \$7,798,009
- l. Resolution approving Change Order No. 1 to RH Grabau Construction, Inc., of Boone, IA, for bid package 01-1 – General Construction Work, a deduct in the amount of \$126,538, for a revised contract value of \$1,474,462
- m. Resolution approving Change Order No. 1 to Jensen Builders, Ltd., of Des Moines, IA, for bid package 03-1 – Concrete and Steel Work, a deduct in the amount of \$257,865, for a revised contract value of \$4,417,635
- n. Resolution approving Change Order No. 1 to Enterprise Electric, Inc., of Boone, IA, for bid package 26-1 – Electrical, Communications, & Electronic Safety and Security Work, a deduct in the amount of \$50,970, for a revised contract value of \$1,278,030
- o. Resolution approving Change Order No. 1 to Con-Struct, Inc., of Ames, IA, for bid package 31-1 – Site Demolition & Earthwork, an increase in the amount of

\$87,717, for a revised contract value of \$662,717

- p. Resolution approving Change Order No. 1 to RRT Design & Construction, of Melville, NY, for bid package 40-1 – Millwright/Process Integration Work, a deduct in the amount of \$1,134,320, for a revised contract value of \$6,663,689

2. Award one or more contracts to a different combination of bidders.

3. Do not award contracts at this time.

CITY MANAGER'S RECOMMENDED ACTION:

Since 1975, the City's Resource Recovery Plant has received municipal solid waste (MSW) from throughout Story County, processed it to remove recyclable metals, and converted a substantial portion of the MSW into a supplemental fuel for use in the City's Power Plant boilers. Although this system was successful in reducing the volume of MSW that needed to be landfilled, in recent years this arrangement has resulted in technical, economic, and regulatory challenges.

In response to these issues, the City is pursuing the development of a new Resource Recovery & Recycling Campus (R3C) on Freel Drive. At the facility, MSW will be received from haulers and customers, recyclable metals will be recovered, and the waste will be loaded into semi-trailers to be hauled to the Carroll County Landfill.

A multi-departmental team of City staff has worked diligently with the design team at HDR, Inc. to develop a project that meets the City's needs for solid waste handling and disposal for the next generation. With the assistance of Story Construction, a project has been developed that will allow the City to responsibly fulfill its solid waste handling obligations. In addition, the facility will assist in educating the community about waste disposal and recycling, and the equipment within the facility will allow City staff to extract as much recyclable material as possible from the waste stream before the remainder is disposed of via landfilling.

The project team has worked with bidders to develop deductive change orders that will bring the project cost down. In addition, the available funding sources in the project budget have been adjusted to reflect other funding sources that will be contributing to this project. Staff will continue to work with the contractors and design team during the construction of the project to identify any opportunities for modifications that may further reduce the project cost or improve the usability of the facility once complete. The Construction Manager, Story Construction, has evaluated the bids and change orders, and has recommended the award of the contracts and the change orders being presented to City Council.

Therefore, based on the recommendation of Story Construction, it is the recommendation of the City Manager that the City Council approve Alternative #1, as described above.

ATTACHMENT(S):

[Ltr to OWNER_ BP Contract recommendation.pdf](#)

[Story Cost Reduction Value Analysis_Ames R3C_260320_R1.pdf](#)

[BP Summary with VE_260320_R1.pdf](#)

[R3C Deduct Changes.pdf](#)